

ASSEMBLY BILL

No. 793

Introduced by Assembly Member Eng

February 17, 2011

An act to add Section 785.1 to the Insurance Code, relating to insurance producers.

LEGISLATIVE COUNSEL'S DIGEST

AB 793, as introduced, Eng. Insurance producers: reverse mortgages.

Existing law provides that all insurers, brokers, agents, and others engaged in the transaction of insurance owe a prospective insured who is 65 years of age or older, a duty of honesty, good faith, and fair dealing. This duty is in addition to any other duty, whether express or implied, that may exist.

This bill would prohibit an insurer, broker, agent, or others engaged in the transaction of insurance, except as provided, from participating in, being associated with, or employing any party that participates in or is associated with, the origination of a reverse mortgage, or referring a client or prospective client to any party that participates in or is associated with the origination of a reverse mortgage.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 785.1 is added to the Insurance Code, to
2 read:
3 785.1. (a) An insurer, broker, agent, or others engaged in the
4 transaction of insurance shall not do either of the following:

- 1 (1) Participate in, be associated with, or employ any party that
2 participates in or is associated with, the origination of a reverse
3 mortgage.
4 (2) Refer a client or prospective client to any party that
5 participates in or is associated with the origination of a reverse
6 mortgage.
7 (b) This section does not prevent an agent or broker from
8 offering title insurance, hazard, flood, or other peril insurance, or
9 other similar products that are customary and normal under a
10 reverse mortgage loan.